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DOL FOR JRICARDS
DEPT FOR USTR LABOR FOR AROSENBERG AND
USTR ENVIRONMENT AND NATURAL RESOURCES MBURR
DEPT ALSO FOR USAID/LAC/RSD FOR DJESSEE AND JGARRISON,
WHA/PPC MPUC CETTI, WHA/EPSC JBANDO, DRL/IL GRIGG, AND
OES/ENV FOR RKA STENBERG AND BWING

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TAGS: [EAID](#) [ELAB](#) [ETRD](#) [SENV](#) [GT](#)
SUBJECT: GUATEMALA'S INPUT ON FY07 LABOR AND
ENVIRONMENT TRADE CAPACITY-BUILDING PROJECTS

REF: STATE 37718

11. Summary: Per reftel request, post submits the following proposals for trade-related labor and environment projects for FY07 CAFTA-DR trade capacity-building funds. Post input is keyed to reftel para 7. End summary.

12. As requested reftel, this cable outlines post priorities for CAFTA-DR labor and environment activities for FY07. The concepts and proposals described below build upon priorities set forth in the White Paper, the Environment Cooperation Agreement (ECA), the ECA Work Plan, recommendations from the March 21-24 meeting of ECA environmental points of contact in El Salvador, and input from the April 13 meeting of CAFTA-DR Vice Ministers of labor at the IDB in Washington. The suggestions are intended for use in identifying and prioritizing projects that will support long-term viability of improved labor and environmental standards in the region, and in guiding the design and development of those projects.

13. Our recommendations build upon work initiated with FY05-FY06 CAFTA-DR funding and identify areas where logical follow-on activities should take place, including needs from specific USG agencies that will be presenting their proposals under separate cover for funding to complement these activities. Total funding request for environmental cooperation priorities in FY07 is \$4.11 million. Total funding request for labor capacity building and compliance is \$2.32 million. Please note that this estimate for labor activities is for Guatemala only, although we anticipate that some proposals would also be implemented regionally in other participating countries.

14. In the area of labor, post recommends continued focus on projects and programs that aim to:
-- strengthen the labor ministries by professionalizing labor inspectorates and by partnering with local organizations to increase the efficiency of processing of complaints within the ministries;
-- strengthen the effectiveness of the judicial system to enforce existing labor laws;
-- eliminate gender and other types of discrimination

in the workplace;
-- enhance benchmarking and verification procedures;
and
-- support the development of a culture of compliance with labor laws through public outreach and civic education.

¶5. In the area of the environment, post recommends prioritizing activities that:
-- strengthen institutional capacity to improve implementation and enforcement of environmental laws;
-- enhance biodiversity and conservation;
-- promote market-based conservation, including sustainable tourism and sustainable agricultural and forest products;
-- improve private sector environmental performance;
and
-- address specific CAFTA-DR obligations that promote public participation and effective enforcement of environmental laws.

These suggested activities represent a consensus view between the USG and GOG of key projects necessary to help meet the obligations set forth in Chapter 17 of the CAFTA-DR Agreement.

¶6. The information below is keyed to reftel format:
a. Specific objective(s), element, and sub-element, and anticipated funding level
b. Brief description and expected outcomes of the project
c. Pipeline and mortgage data if continuation of on-going project, and description of implementing mechanism
d. Linkage between the proposed project and the White

Paper or the Work Plan for implementing the Environmental Cooperation Agreement
e. Local "buy-in"
f. Host government's view of how projects underway are meeting the initial recommendations of the White Paper
g. Public diplomacy/public outreach strategies

LABOR ACTIVITIES

Proposal 1: Strengthening Labor Inspectorates to Improve Implementation and Enforcement of Labor Laws

a. Specific Objective: governing justly and democratically

Program Area 2: Good Governance
Program Element 2.2: Public Sector Executive Function
Program Sub-element 2.2.3: Civil Service and Public Administration
Funding Level: \$1,000,000

b. Labor Inspectorates throughout the region suffer from institutional weakness; Guatemala is no exception. In Guatemala, the Labor Inspectorate General oversees the enforcement of labor laws, administrative procedures, and sanctions. Under the Labor Code, the Labor Inspectorate has initial jurisdiction over labor law violations and established procedures for processing complaints, making initial determinations, and fining violators, which were previously reserved for the labor courts. Labor inspectors may conduct random and complaint-driven workplace inspections to ensure compliance with regulations concerning the prohibition of child labor, maternity protections, workplace health and safety, and payment of wages. The Labor Inspectorate is also authorized to intervene and assist in the resolution of labor disputes by offering conciliation services in collective bargaining matters.

In an effort to expand its reach outside the capital,

the Ministry of Labor decentralized its operations by establishing seven regional offices throughout the country. Currently, Guatemala has less than 300 labor inspectors nationwide. Employers and employees have voiced reservations concerning the Inspectorate's professional capability, objectivity, and credibility.

Given the Labor Inspectorate's key role in the enforcement of labor laws and imposition of sanctions, it is essential to professionalize its labor inspectors and to raise the status of the Inspectorate, including its regional offices, as a governmental institution. Post recommends a two-year training program for labor inspectors that would include basic tradecraft, legal principles, the Labor Code, ILO Conventions, mediation and conciliation techniques, leadership, and on-the-job training. An optional third year would be university-based. Completion of each element of the training program would be a prerequisite for career advancement and a basis for performance review.

Post also recommends a program to continue modernization and expansion of the Labor Inspectorate through electronic case management, strategic planning, and enhanced communications among its offices. We suggest the establishment of a regional procurement fund for vehicles, IT equipment, mobile inspection units, and other necessary resources. We also recommend reprinting and distributing copies of the up-to-date Labor Code to all labor inspectors, the Human Rights Ombudsman's Office, labor advocates, the private sector, and academia to ensure that they have access to accurate and current information. Although the Labor Code, along with frequently asked questions and answers, are available on a USG-funded website, disseminating hard copies of an accurate and current Labor Code to labor inspectors and labor advocates would help promote proper administration of justice in labor conflicts.

While all Guatemalan government institutions are under-funded, the Ministry of Labor is traditionally one of the least supported. Post recommends that technical assistance be provided to identify possible revenue sources, such as customs, export licensing fees, for the Ministry. Technical assistance should also be provided to the Tripartite Commission to draft reform legislation.

We also suggest raising the profile of the Labor Inspectorate by increasing the salary and number of labor inspectors and number of inspections; transferring and decentralizing the functions of the Prosecutor's Office for the Defense of the Worker to the Inspectorate's seven regional offices; and strengthening mediation and conciliation services through training workshops and courses in conflict resolution and negotiation, including workshops in coordination with the Judicial Branch's School of Judicial Studies.

c. Various USG projects have conducted training for labor inspectors, but there have been few efforts to systematize such training or create a series of specific incentives for career advancement. Some IT support has been provided to the Guatemalan Labor Inspectorate in the past, but much more is needed to improve enforcement.

d. The White Paper specifically cites the failure of Guatemala's Labor Inspectorate to properly carry out its mandate, and the need for Labor Code reform. The project will support enhanced trade through improvement in labor law enforcement, which in turn could help improve public perception of Guatemala's business climate and increase direct foreign investment.

e. Representatives of the Ministry of Labor, business associations, organized labor, and relevant NGOs have all expressed support for this concept. Organized labor leaders have told us that technical support in drafting legislation is their greatest need.

f. Projects already underway are meeting the initial recommendations of the White Paper but more assistance is needed in this critical area.

g. As one of the few donors in the area of labor rights, the USG is highly visible and the GOG appreciative of our engagement. This project will offer many opportunities for public diplomacy and outreach as we continue to engage with government officials to strengthen institutional capacity.

Proposal 2: Strengthening the Labor Court System to Enforce Existing Labor Laws

a. Specific Objective: governing justly and democratically

Program Area 1: Rule of Law and Human Rights

Program Element 1.3: Justice System

Program Sub-element 1.3.2: Operations of Institutions and Actors; 1.3.4: Access to Justice

Funding Level: \$700,000

b. Guatemala's labor court system suffers from a heavy case backlog due to insufficient resources and inefficient processing. Guatemala has 28 labor courts (seven in Guatemala City and 21 located around the country) and nine civil courts that address labor issues as part of their jurisdiction. Resolution of cases can take years, disadvantaging the workers who filed the complaints. Although the labor courts usually rule in favor of the workers who seek redress, employers are known to appeal and re-appeal judicial decisions or to reincorporate as a different entity, often prolonging proceedings for years. In addition, employers often do not comply with labor court decisions and are not always sanctioned for non-compliance.

Post recommends a project to increase the number of labor courts, as well as civil courts that handle labor cases, and to streamline services to ensure greater public access to the labor justice system and prompt attention to labor conflicts. Under a cooperative arrangement between the host government and USG, the government could provide vacant or underutilized space for new courts and create positions for new Labor Court judges, while the USG could provide the necessary equipment, telecommunications, and training. The program could also fund construction of new courthouses or rehabilitation of existing structures, as needed. With regard to services, improving Clerk of Court services, creating a database to track cases and using information technology to streamline existing practices, and training judges to conduct an oral proceeding, which is mandated by the Guatemalan Labor Code but not practiced in the Labor Courts, would help expedite case processing.

This project would strengthen the rule of law by improving the judiciary's ability to enforce fundamental labor rights and providing workers with better access to the labor court system and services. This project would build on an ILO project, funded with FY05 CAFTA-DR appropriations, that is implementing a comprehensive, regional training program for judicial personnel on national labor laws, application of international labor standards, and case preparation and management. Progress would be measured by year-end case statistics, including number

of cases processed and investigated and number of fines imposed and collected.

c. The USG has existing programs to promote oralization of court proceedings and other judicial reforms. Those programs could be used to develop a program for the labor court system.

d. The White Paper stresses the need to strengthen the judicial system to improve enforcement of labor laws. This project will support enhanced trade through investment in labor courts, judges and other personnel, and equipment; enhancement of operation of labor courts; and establishment of comprehensive labor standards training initiatives for judges, prosecutors, government officials and others involved in the administration of labor law.

e. Representatives from the Ministry of Labor, organized labor, human rights groups, and private sector business associations have all expressed support for the concept.

f. Implementation of a project to strengthen institutional capacity of the Ministry of Labor, approved for FY05 funding, has been delayed, while additional USG funds were allocated to the regional Cumple y Gana project.

g. Lack of respect for the law is a persistent, critical problem affecting all sectors of society and a widely discussed issue in Guatemala. Efforts to reform the Labor Court system and to improve access and services will provide opportunities for public diplomacy and outreach, as already demonstrated by our efforts to help improve Guatemala's criminal court system, and promote bilateral relations.

Proposal 3: Eliminating Gender and Other Types of Discrimination

a. Specific Objective: governing justly and democratically

Program Area 1: Rule of Law and Human Rights
Program Element 1.4: Human Rights
Program Sub-element 1.4.2: Human Rights Systems and Policies
Funding Level: \$120,000

b. The Guatemalan Constitution guarantees equality of opportunity for men and women, providing for equal pay for equal work under equal conditions, efficiency, and seniority. The Guatemalan Labor Code prohibits discrimination based on gender, but the ILO has drawn attention to the fact that it is not mentioned in Article 14, which prohibits discrimination based on race, religion, political creed, and economic status only. For over a decade the ILO has requested that the government amend Article 14 of the Labor Code to bring it into conformity with ILO Convention 111 on Discrimination in Employment and Occupation. In addition Guatemalan law does not prohibit sexual harassment, which is common in the workplace and among maquila workers and domestic workers.

In practice, many women face job discrimination, receiving lower pay than men. Pregnancy discrimination within the maquila sector, primarily in the re-hiring process, is not uncommon. In some instances, women are required to answer questions about their pregnancy status on job applications and in interviews, and some even have to undergo physical examinations as a condition of employment. A local NGO documented cases in which applicants had to sign documents that they would not have any more children as a condition of employment.

Post suggests the following activities to address the problem of gender and other forms of discrimination in the workplace:

- effecting legislative reform, through consultations in the Tripartite forum and an area expert to lobby Congress, of all relevant sections of the Labor Code to include reference to gender and other forms of discrimination;
- enhancing the capacity of labor inspectors to detect, investigate, and prevent gender and other forms of discrimination, including discrimination against pregnant women, through legal instruction, workshops, public materials, messages through mass media, and instructive, guided visits to work sites;
- creating a monitoring system to detect, investigate, and prevent labor conflicts, such as disagreement over payment of wages, in the agricultural sector, particularly affecting indigenous populations. This would require strengthening of the capacity of the Labor Ministry's regional offices located in the interior of the country, as well as dissemination of information on labor rights in the various Mayan languages;
- strengthening the National Wage Commission by increasing the capacity of the members, conducting studies regarding the wage rate, etc.

c. FY05-FY06 funds supported regional work in the textile and apparel industries, which hire a large proportion of female employees, as well as other sectors to reach a broad range of companies in the CAFTA-DR region to promote understanding of gender and other forms of discrimination and adherence to labor standards.

d. The White Paper cited gender and other forms of discrimination as an area for improvement. This project will support enhanced trade by focusing on women's workplace issues and promoting elimination of employment discrimination and illegal practices, such as pregnancy testing.

e. Representative of the Ministry of Labor, organized labor, and human rights groups all expressed support for this concept.

f. While projects already underway are addressing this problem, more support is needed to reach a greater number of employers and employees.

g. The overwhelming majority of maquila workers in Guatemala are women. USG support to eliminate gender and other forms of discrimination in the maquila sector, one of Guatemala's largest industry sectors, will provide many opportunities for public diplomacy and outreach.

Project 4: Promoting a Culture of Compliance with Labor Laws

a. Specific Objectives: governing justly and democratically

Program Area 4: Civil Society
Program Element 4.1: Civic Participation
Program Sub-element 4.1.4: Civic Participation and Democratic Culture; 4.1.5 Democratic Trade Unions
Funding Level: \$500,000

b. Communication and coordination among key stakeholders are crucial for promoting a culture of compliance with labor laws. A facilitated dialogue through a tripartite approach, with representatives of government, business, and organized labor, has been an effective mechanism for education, creative problem

solving, and consensus building on the best way to move forward to achieve improved labor standards and conditions, along with increased competitiveness and economic development.

Essential elements of the approach include in-depth stakeholder assessments, skilled design and facilitation, mechanisms for on-going follow-up and discussion, broad participation, including the USG, international organizations, NGOs, and relevant international investors and business leaders. Another essential element is the establishment of control mechanisms, such as collaborative steering committees, to build trust and mutual reliance among local stakeholders. These committees would be led by local actors, but would include the participation of international actors to counter local power disparities and ensure long-term viability.

In addition to the tripartite approach, engagement with the private sector, particularly the involvement of U.S. name brands, has reaped successes in improving labor rights in Guatemala. Brands have made it clear to both organized labor and private sector apparel producers in Guatemala that internationally respected labor standards are as important as pricing and quality.

This project would expand the national dialogue on labor rights and labor conditions through the tripartite approach, and establish a central point of contact to develop and monitor projects and activities in accordance with the recommendations of the White Paper and Labor Chapter of CAFTA-DR. It would also aim to improve the level of public awareness, especially among employers and workers, regarding their rights, international norms, and local laws, through workshops, seminars, and mass media.

A large-scale, multi-stakeholder effort should build on the experiences and activities of the Partnership to Eliminate Sweatshops (PESP), Global Fairness Initiative (GFI), Fair Labor Association (FLA), Cumpl y Gana, and the Continuous Improvement for Central American Workers (CIMCAW) project. The effort should include participation of the Labor Ministry, organized labor, private sector manufacturers, local and international NGOs, and international brands to address non-compliance with labor laws.

This public/private partnership would not replace or replicate the role of the Labor Inspectorate as enforcer of the Labor Code, but would complement it by promoting workplace diagnostic tools and voluntary codes of conduct. It would also promote information sharing among brands, including a clearinghouse of inspection reports and results available to other brands, labor leaders, and interested parties. Information sharing would create greater transparency, and thus improve compliance with labor laws.

Another component of promoting a culture of compliance would be building the capacity of workers'

organizations and unions to effectively ensure that workers rights are protected, workers interests are represented, and workers share in the economic and human rights benefits of the CAFTA and its labor provisions. This project could focus on working with workers' organizations and labor unions to promote, achieve, and maintain a culture of compliance and enforcement of internationally recognized core labor standards.

Programs in three core areas are critical to meeting these objectives:

-- Programs to develop a new generation and cadre of

labor rights advocates who are well versed in labor law, international conventions, CAFTA provisions, and other corporate and international instruments that can be utilized to improve the enforcement of labor laws and compliance with international labor standards. This cadre would include young people studying law who would in turn serve as resources to labor organizations and unions to educate elected leaders, shop-level stewards, and general workers on these subjects. The idea would be not just to impart knowledge but to build the skills and competencies at all levels of the labor movement to be able to utilize the knowledge to effect change and a culture of compliance.

-- Programs that educate workers and shop stewards on workers' rights, international conventions, corporate policies and codes of conduct related to labor practices, as well as build and maintain democratic, representative, transparent, independent, and autonomous worker organizations.

-- Programs that strengthen labor organizations and build their institutional capacities to become effective labor relations practitioners (with employers, industry associations, corporate clients, governmental and state authorities, and international bodies), advocates for fair and balanced economic, social, and labor policies, and active and informed participants in the economic and political development envisioned under CAFTA. It is insufficient to simply educate workers and workers' organizations and unions and to build democratic and transparent workers' organizations and unions. There need to be programs to support legitimate workers' organizations and labor unions to defend their rights and pursue their legal cases related to violations and grievances, and to organize and collectively represent workers.

Post envisions that for such programs and efforts to be effectively implemented and for the labor organizations and union structures to be built, rebuilt, and/or modernized to the point where they become effective and sustainable, labor rights, labor relations, and labor compliance entities will require sustained support and resources for a period of approximately 5 years.

Progress in promoting a culture of compliance would be measured against ILO's benchmark index.

c. The extent of the public/private partnership is new, but it is related to previous USG-funded efforts of PESP, GFI, FLA, and CIMCAW. The tripartite approach would be a continuation of an on-going project, while systemic development of a new generation of labor leaders and advocates and capacity building of workers' organizations and unions would be a new project.

d. The White Paper cites lack of a culture of compliance with labor laws as a key area for improvement. This project would support enhanced trade by promoting public awareness of labor rights; strengthening the tripartite commission; and developing benchmarks to measure and assess progress in improving the implementation of national labor laws consistent with internationally recognized labor standards.

e. Representatives from the Ministry of Labor, Congress, organized labor, human rights groups, U.S. brands, and private sector employer associations have expressed support for this project.

f. DOL-funded Cumply y Gana project has been effective in addressing the initial recommendations of the White

Paper. The government has not been able to evaluate ILO's benchmarking project as it only just recently started.

g. Multi-stakeholder activities, especially including U.S. name brands, receive much publicity in Guatemala. This project would offer ample opportunities to press USG interests to a broad range of actors and to address the public to promote greater compliance with labor laws.

ENVIRONMENTAL ACTIVITIES

Project 1: Institutional Strengthening for Effective Implementation and Enforcement of Environmental Laws

a. Specific Objective 4: Economic Growth

Program Area 4.8: Environment

Program Element 4.8.1: Natural Resources and Biodiversity

Program Sub-element 4.8.1.1: Natural Resources Policy and Governance

Funding Level: \$2.545 million

b. Purpose: This activity will strengthen the ability of Guatemala to develop and implement sound environmental regulations and effectively enforce existing environmental legislation. This also meets a priority identified by the ECA work plan and the CAFTA-DR agreement.

While the challenge of meeting obligations under CAFTA-DR falls primarily on the national signatory governments, a regional approach is also being proposed to harmonize legislation to reduce trade barriers brought about by different standards and systems.

Existing institutions responsible for effective enforcement are weak for several reasons. The lack of human and financial resources, as well as authority to enforce laws, has resulted in low credibility and visibility of these institutions. The proposed projects will address these issues through encouraging the development of human capital and increased capacity to enforce existing and new regulations. Follow-on activities in FY08, FY09, and FY10 will contribute to the strengthening of these institutions.

Description:

Improve and harmonize laws, regulations, norms and environmental procedures (\$350,000)

- Draft a regulation for fixed point sources emission standards.
- Elaborate a solid waste management and disposal law.
- Elaborate policy, regulations and strategies for mining and environmental guidelines.
- Review and revise the regulations for the electricity sector (Law on Incentives for Renewable Energy and Energy Efficiency).
- Prepare regulations on procedures for voluntary environmental compliance agreements.
- Review, update and disseminate the Bio-safety Law.
- Develop regulations for non-ionic radiation.
- Implement system of performance bonds and environmental insurance.
- Develop rules and procedures for payments for environmental services.
- Standardize forestry management procedures among the pertinent institutions.

Expected Results: These activities will help the GOG develop the needed legal framework to fill existing legal and enforcement gaps. Work will focus on priority sectors identified by the GOG.

Improve Environmental Law Enforcement (\$580,000)

- Train personnel in charge of the effective application of environmental regulations (administrative, civil and penal) and in carrying out environmental audits in different sectors.
- Promote the adoption and use of environmental monitoring, inspection and evaluation instruments, and procedures and protocols by the Ministry of Environment and other entities in charge of environmental compliance, including mechanisms to ensure that a proper chain of custody is maintained in collecting environmental evidence.
- Develop a national strategy for compliance with environmental legislation in priority sectors.
- Procure monitoring equipment for national agencies charged with overseeing environmental compliance with a focus on water.
- Strengthen the government's capacity to undertake integrated watershed management and implement regulations regarding residual water discharge and re-use, and sediment deposition. Develop and distribute manuals on water resource management in Spanish and Mayan languages (\$80,000).

Expected Results: This activity will institutionalize a training program to strengthen the capacity of enforcement authorities to effectively prosecute environmental crimes.

Compliance promotion, auditing, and environmental management systems (EMS) (\$225,000)

- Develop and implement a registration and certification system for environmental service providers.
- Develop guides and operating manuals to improve EMS.
- Promote the adoption of EMS and voluntary agreements by the private sector to improve environmental compliance.
- Produce radio spots to increase awareness and understanding of integrated watershed use and management and water regulations.

Expected Results: EMS was identified as a priority for all CAFTA-DR countries at the March 2007 meeting in El Salvador. USAID will ensure that environmental auditors are trained and registered, and that the standards are uniform throughout the region. The activity will also result in better public awareness of state-of-the-art EMS.

Strengthen Environmental Impact Assessment (EIA) Review and the evaluation process for permitting decisions (\$245,000)

- Training for municipal personnel in environmental management.
- Develop capacity in application of best management practices, environmental guidelines, and mitigation measures for ministries involved in economic development.
- Develop and disseminate technical environmental guidelines for EIAs among the private sector and local governments.

Expected Result: Increased capacity for local and national personnel to evaluate environmental impacts, develop and implement mitigation measures, and monitor effectiveness of these measures.

Strengthen the capacity to manage hazardous

materials (\$75,000)

-- Develop a manual of procedures and technical

guidelines for the handling of chemicals and hazardous materials.

-- Train customs agents in the handling and management of hazardous materials.

-- Explore options for the creation of a national information system of tracking chemicals and hazardous materials.

-- Begin to develop a database to register importers and exporters of chemicals and hazardous materials.

Expected Results: In FY2007, officials responsible for the monitoring and management of hazardous materials will be better equipped to work across boundaries with their counterparts and protect the environment from mishandling of these materials.

Pollution Release and Transfer Registry (PRTR)
(\$50,000)

Expected Result: Increase utilization of release information to evaluate cumulative effects of pollution and trans-boundary impacts.

Establish an inventory and atmospheric emissions model (\$20,000)

Expected Result: Increased utilization of monitoring stations in Guatemala, and an air quality index approach for air quality forecasting applied regionally.

Support for CAFTA-DR environmental unit to receive inputs from civil society on trade and environmental issues. (\$200,000)

-- Strengthen the CAFTA-DR environment unit and help establish administrative links between offices of trade and environment (MINECO, MEM, MPS, MARN, MAGA, CONAP) and the secretariat for environmental matters installed under SIECA.

-- Public outreach and education on the environment provisions of CAFTA-DR, the Environment Secretariat, and the ECA.

-- Finalize and implement an operational manual for the receipt and investigation of public environmental complaints submitted to the environmental unit of MARN.

-- Design and implement a tracking system for citizen complaints and design a mechanism to allocate funds to pay for environmental damages, including penalties.

Expected Result: Build national capacity to respond to citizen complaints.

Develop and enhance NGO participation in environmental matters and trade (\$50,000)

-- Develop and implement procedures for public participation in environmental matters.

Expected result: Increased participation by civil society in environmental decision-making.

University Environmental Partnerships (\$350,000)

-- Establish an official link between academic and environmental sectors (public and private) through university partnerships.

Expected result: Environmental science, engineering, and law curricula are strengthened at leading universities in Guatemala.

Strengthen the capacity for analysis and equipment in environmental laboratories. (\$400,000)

- Strengthen the equipment in and capacity for mobile environmental laboratories to accurately monitor environmental quality and make the information available on SIAM.
- Support analytical laboratories in obtaining ISO 17025 certification.

Expected Result: Enhanced ability for environmental auditors to provide much needed monitoring services to the private and public sectors in accordance with international standards of performance.

c. Pipeline/Mortgage data: FY06 \$250,000 pipeline for policy-related work through ABT Associates from FY2006 funds. Expect continued work through this mechanism and a regionally focused mechanism for policy harmonization.

d. Linkage to ECA/enhanced trade: The projects address the core obligations set out in Articles 17.1, 17.2, and 17.3 of CAFTA-DR, and the countries' top priority in the ECA work plan: strengthening each Party's environmental management systems, including strengthening institutional and legal frameworks. In their communications to the State Department, CAFTA-DR environment ministries specifically requested assistance in improving environmental regulations, rules, and procedures.

e. Local buy-in: All of these project proposals were vetted through the Environment and Economy Ministers, in charge of implementing Chapter 17 of CAFTA-DR. Additionally, local authorities involved in receiving this assistance stand ready to implement these projects.

The CAFTA-DR countries have indicated their interest in strengthening their capacities to manage hazardous substances and materials and with respect to risk assessment, risk management, and risk communication in the ECA Work Plan. Individual countries have also indicated interest with their participation in the ongoing training program for safe pesticide use.

f. Policy-related work through ABT Associates with FY06 funds is ongoing.

g. Public diplomacy/outreach strategies for project: Public consultations will be woven into every phase of this activity, providing ample opportunity to engage the Central American public and increase their appreciation of the U.S. Government's commitment to assist the region in improving its environmental laws and regulations and their implementation as a key component of a well-governed trading partner. The project will also promote the results of the new laws and regulations together with organizations and companies that participated in the consultative process.

Project 2: Enhancing Biodiversity and Conservation

a. Specific Objective 4: Economic Growth

Program Area 4.8: Environment

Program Element 4.8.1: Natural Resources and Biodiversity

Program Sub-element 4.8.1.3: Biodiversity Policy and Governance

Funding Level: \$590,000

b. Purpose: This activity will help countries comply with multilateral environmental agreements (MEAs) as a requirement under Chapter 17 of CAFTA-DR. The

authorities in charge of complying with and reporting on MEAs have been historically weak, and monitoring systems are not in place to support the reporting requirements under the MEAs.

This activity also addresses the threat to biological diversity from invasive specie introductions as a result of increased trade across borders and within regions. It is critical that this threat is addressed in the early stages of CAFTA-DR to ensure that irreversible environmental damage does not occur.

Description:

Improve protection and conservation of fauna and flora listed under CITES (\$430,000)

- Design and create a wildlife rescue center.
- Officially designate ports of entry and exit for CITES.
- Build capacity among customs agents in taxonomic identification of CITES species.
- Strengthen the capacity of scientific authorities to conduct studies of species of flora and fauna under CITES and to document their results.
- Create a biodiversity conservation incentive fund to help promote incentives for biodiversity projects.
- Build capacity and public knowledge regarding the application of CITES.
- Develop and implement a strategy to control illegal logging and trafficking in wildlife from protected areas.

Expected Result: Intra-governmental mechanisms in place for effective enforcement of CITES.

Improve fishing regulations and implementation to reduce incidental catch of sea turtles and other non-target species. (\$100,000)

- Purchase equipment and train officials in its proper use to reduce incidental in-take of marine turtles in the fishing industry.

Expected Result: Reduced incidental catch of sea turtles due to fishing.

Identify trends in invasive aquatic species related to trade and develop measures for reducing this threat (\$60,000)

- Develop and implement contingency plans to control exotic species in protected areas.
- Develop and implement a contingency plan for eutrophication impacts on aquatic systems.

Expected result: Reduced threat from aquatic invasive species in key watersheds and wetlands.

c. Pipeline/Mortgage data: FY2006 \$200,000 support for CCAD Cooperative Agreement to implement regionally focused activities. Expect to continue this mechanism.

d. Linkage to ECA/enhanced trade: The activities support key Central American priorities expressed in several sections of the ECA work program. For example, they support section 1.1.3 (capacity of authorities in charge of natural resource protection); 1.1.8 (private sector ability to comply with environmental legislation); 1.2 (public participation); 3.1 (compliance with voluntary standards; mechanisms that facilitate voluntary action to protect the environment); and 3.3 (capacity of the region to produce and trade in environmental goods and services). The export of shrimp to the U.S. depends

on compliance with U.S. requirements for turtle-safe shrimping.

e. Local buy-in: The project is a top priority for the region per ECA Work Program Section 1.1.3. "Strengthening the capacity of authorities in charge of environmental protection, natural resource protection, and pollution control and prevention." All project activities have been proposed in consultation with host governments, NGOs, and local partners.

f. Under a FY06-funded CCAD Cooperative Agreement, regionally focused activities are ongoing.

g. Public diplomacy/outreach strategies: Focus on public participation, improving environmental decision-making and strengthening of civil society, promotes respect and attention to critical wildlife and habitat destruction. This would sensitize residents to the long-term loss versus the short-term gain.

Proposal 3: Promoting Market-based Conservation

a. Specific Objective 4: Economic Growth

Program Element 4.8.1: Natural Resources and Biodiversity

Program Sub-element 4.8.1.2: Sustainable Natural Resources Management and Production

Funding level: \$325,000

b. Purpose: The activity supports the strong connection between adequate incomes and conservation. When incomes are generated by natural resource values, those values are more likely to be conserved for future generations. Recognizing the potential for tourism and non-traditional natural products, this activity will lead to expanded market incentives for improved natural resource management.

Description:

Develop sustainable tourism and alternative income sources. (\$75,000)

- Develop and disseminate materials to promote best practices in infrastructure, service and documentation focused on community-based tourism.
- Increase the application of clean production mechanisms in the tourism sector.

Expected result: Improved environmental management in the tourism sector.

Facilitate marketing of sustainably managed agricultural and forestry products. (\$250,000)

- Increase the number of hectares of sustainably managed forest by 220 hectares.
- Promote the export of environmentally friendly goods and services through new niche markets.

Expected result: Increased income in the agriculture and forestry sector based on sound environmental management.

c. Pipeline/Mortgage data: \$200,000 FY06 funds in pipeline for forestry enterprises through Rainforest Alliance, \$175,000 for tourism activities through Counterpart International. Expect to continue with these mechanisms.

d. Linkage to ECA/enhanced trade: This activity specifically addresses Section 3.2.2 of the ECA work plan which calls for assistance to "[p]romote

alternative livelihoods based on sustainable resource use for communities within and near protected areas." It also addresses ECA Work Plan Section 1.3.3 "Develop programs and projects to provide economic instruments to protect wildlife at the regional and national levels," and Section 3.3.3 "Promote and implement market schemes for environmental services." This proposal was also shared with, and endorsed by, CCAD.

e. Local buy-in: These activities and the mechanism for implementation were developed in cooperation with DR-CAFTA focal points, and are based on GOG priorities for economic development under the regular USAID assistance program.

f. FY06-funded projects through Rainforest Alliance and Counterpart International are ongoing.

g. Public diplomacy/outreach strategies: The activities described here represent some of the most visible and valued USG investments in the region. They comprise an array of economic growth activities that promote conservation, while simultaneously using local economic development to conserve biodiversity. Moreover, by working directly with communities around protected areas, USAID can positively influence the livelihoods of thousands of individuals and

demonstrate that free-trade agreements, environmental progress, and income growth for the poor are not incompatible.

Project 4: Improving Private Sector Environmental Performance

a. Specific Objective 4: Economic Growth

Program Element 4.8.1: Natural Resources and Biodiversity

Program Sub-element 4.8.1.2: Sustainable Natural Resources Management and Production

Funding Level: \$650,000

b. Purpose: This activity will improve the private sector's environmental performance and competitiveness by providing services and incentives for adopting clean production technologies in their production processes. USAID will spearhead public/private partnerships to leverage private sector resources for cleaner production innovations.

Description:

Promote the competitiveness and compliance of industries employing clean production practices (\$400,000)

- Publicize the Policy for Cleaner Production.
- Institutional strengthening (administrative, technical, operational) for the Clean Production Center of Guatemala.
- Develop technical guidelines for voluntary agreements in clean production.
- Promote public-private partnerships and voluntary agreements to improve environmental compliance and promote cleaner production and energy efficiency.

Mobilize financing for clean production and clean energy initiatives and support for these practices (\$225,000)

Establish networks and associations between CAFTA-DR companies and U.S. companies to promote compliance with environmental laws and practices (\$25,000)

Expected results: Net reduction in energy consumption and expenditures. Net reduction in waste water generation and improved solid waste management through

the more efficient use of inputs. Civil society better informed about the economic values of clean production.

c. Pipeline/Mortgage data: These activities will likely be implemented through Cooperative Agreement with CCAD.

d. Linkage to ECA/enhanced trade: This activity directly supports one of the top priorities of the ECA work plan set out in Section 1.1.9 "Strengthen the private sector's ability to comply with environmental legislation and promote . . . [the] application of best practices and cleaner production." It also addresses Section 4 "Promote cleaner production schemes in productive processes and export products and services within the region."

e. Local buy-in: Ministries of Environment and Economy have consulted with private sector firms on how to develop voluntary incentives for cleaner production and energy efficiency. The private sector has expressed interest in support these initiatives. Key sectors will be identified by public/private consultations. Additionally, this is a regionally based policy, and Guatemala is ready to submit terms of reference and work plans for the Clean Production Center.

f. This is a new project that will build on ongoing projects.

g. Public diplomacy/outreach strategies: In addition

to addressing core objectives of the CAFTA-DR work program, mobilizing financing for energy efficiency and renewable energy projects supports the priorities identified in the NSC-led Western Hemisphere Energy Near-Term Action Plan by improving energy production, diversifying fuels, and improving energy efficiency. More broadly, this effort can be a key example during the 2005-2007 Energy Cycle of the UN Commission on Sustainable Development, underscoring the USG's commitment to delivering results and to mobilizing private sector financing for delivery of modern energy services. The project will work with E+Co to ensure that successful clean energy initiatives financed with U.S. support are fully publicized. U.S. Embassy Public Affairs Section will be involved in developing an outreach and press strategy for the project.

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